

employed with the Dealership at the time the bonus is paid. ***In addition, you will not be eligible for bonuses unless you have properly recorded your accurate hours worked and timely submitted your signed time card(s).***

Adjustments to Earned Commissions and Bonuses

The employee agrees that Earned Commissions and/or Bonuses or spiffs may be adjusted at any time (i) to correct any error in the calculation, whether that error is the result of miscalculations by the Company, the Sales Manager, any sales employee or any other person; (ii) if any sale or lease is subsequently determined not to have been a Closed Sale; (iii) if a Closed Sale is rescinded, reversed, rolled back or otherwise unwound for any reason within the 120 days of the payment of the Commission for such Closed Sale; or (iv) if there are any finance and insurance related returns and/or charge backs on which the employee was paid including, but not limited to, prepaid loans and warranty cancellations. Any such adjustment that results in decreased Earned Commissions will be treated as an Advance, as defined below. Any such adjustment that results in an increased earned Commission will be paid at the next payment date.

Definitions

Commissionable Gross: The Commissionable Gross on which you will be paid a commission/advance is the vehicle's selling price plus the listed price of dealer-installed aftermarket products (but excluding security systems, insurances, warranties, sealants, customer benefit package, environmental protection package) minus: (1) the vehicle's cost as defined below; (2) a dealer hard Commissionable Gross Reserve of \$150.00 on new and \$500.00 on used vehicles; (3) all costs in any way associated with the sale of the vehicle including but not limited to: costs related to dealer trades or similar transportation costs, costs related to commitments made by the company to the customer at the time of the sale for additional equipment, accessories or alterations or repairs, bank and finance company fees; (4) a pre-delivery preparation/administrative/documentary fee for a sale and/or lease of \$150.00 for NEW and \$500.00 for USED (which includes but is not limited to such items as detailing, and preparation for sale); (5) the difference between the trade allowance credited to the customer for their trade minus or plus the trade's actual cash value determined by the sales manager (over allowance or under allowance amount); (6) compensation to personnel who share in the Closed Sale; and (7) good-will adjustments made to obtain the sale or to maintain the sale as a Closed Sale. Factory rebates, dealer holdbacks, finance reserve, dealer cash, value added premiums, and/or factory unit bonuses, or any other factory-to-dealer incentives are not considered to be part of the Commissionable Gross for purposes of this pay plan. In addition, the Dealership may add the cost of unwinding, canceling, investigating, repossessing and/or insuring the vehicle to the cost of the vehicle.

Vehicles Cost: The vehicles cost, for a new vehicle, is the vehicle's invoice cost plus the costs related to any equipment, flooring fees, accessories or alterations or repairs made to the vehicle and any related factory delivery fees or charges (e.g. Express Delivery fees). The vehicle's cost, for a used vehicle, is the vehicle's actual cash value or its acquisition cost plus all costs related to the vehicle's acquisition,

reconditioning, and warranting including but not limited to: buyer fees, transportation fees, auction and bank fees, all reconditioning costs, costs related to accessories and alterations as determined by the company, the cost of manufacturers used vehicle certification costs and costs related to warranties included as standard equipment on the vehicle. Such costs for new or used vehicles or after-market items may include sublet fees with mark-up by the department/vendor providing the parts/service, an internal cost-basis between departments and/or retail rates charged to the department by other departments and/or outside entities.

From time to time at the company's sole discretion, the company may, and has the right to, average the vehicle costs between two or more vehicles purchased by the company, may make internal cost allocations between different departments, or may adjust the vehicle's cost up or down to reflect market conditions or the vehicle's history (e.g., the length of time the vehicle has been in stock). If this is done, the cost shall be the adjusted cost for the purpose of determining the Earned Commission.

Closed Sales: No Commission or unit credits will be awarded on any deal until the deal is closed. A deal is not closed until the deal is booked in accounting and all related paperwork is properly completed and approved. To be a Closed Sales, the vehicle must have been delivered to the customer and the deal meets the requirements of Earned Commissions, as defined below.

Earned Commissions: The employee must be an employee of the Company at the time a vehicle is delivered; the sales paperwork totally completed; the vehicle transition paid in full; and 120 days have passed from the date of sale before a commission is considered earned, regardless of the work done or the fact that he/she was employed when the vehicle was sold or the order was taken. Until all such conditions have been met, no commission has been earned and any payments made are considered Advances until the payment becomes an Earned Commission. The company reserves the right to charge back commissions and bonuses in the event of a sale roll-back, unwind, deal calculation error, cancellation, used vehicle evaluation (appraisal), work order, or contract rescission. Payment of full commission may be denied in the event of an incomplete sale at the time of the employee's termination.

Commissionable Gross Reserve: The Commissionable Gross Reserve is a dollar amount set by the Dealership in its sole discretion which is an amount of the gross profit on a vehicle upon which the salesperson is not paid a commission. It is added to the cost of a vehicle for the purpose of calculating the point at which a salesperson begins to earn a percentage of the Commissionable Gross. The amount is added to the invoice price (or purchase price or adjusted price) and is considered part of the cost of vehicle to be taken into account prior to calculating the Commissionable Gross on any given vehicle. Upon request, the salesperson may review the Commissionable Gross Reserve on any vehicle before the vehicle is sold.

Split Commissions

Occasionally it may be necessary to split the commission and the unit credit on the sale of a unit between two or more people. Management reserves the right to split all relevant commissions and unit credits by any percentages it deems appropriate. The decision of the General Manager on the division of commissions and unit credits is final. A split commission equals less than a full unit for the purpose of a Closed Sale, but can be combined with other Split Commissions to result in full units (Closed Sales). For example, two 50% Split Commissions equal a full unit (that is, one

Closed Sale).

Attendance Documentation

You are required by federal and state law and by this Dealership to keep an accurate record of all the hours you work each day. Hours worked in excess of your scheduled hours require approval in advance by the Sales Manager. Failure to comply with this requirement can result in discipline up to and including termination.

Payment of Commissions and Bonuses

Commissions and/bonuses are generally not reasonably calculable until after the close of the month. Accordingly, on the 10th day of the month, all Earned Commissions and Bonuses on Closed Sales for the prior month will be totaled and you will receive the total of your Earned Commissions on Closed Sales for the prior month, less any advances/draws, spiffs or bonuses already paid.

Draws Against Commissions/Advances

All payments made to the employee are considered Advances/Draws against future Earned Compensation, and will be treated as loans and will be deducted from future Earned Compensation, Wages and/or any bonuses prior to the payment of same until such time that the Advances are earned under the terms of this pay plan. The employee acknowledges that such Advances/Draws are for the employees benefit and authorizes such deductions. Any unearned commissions, overpaid bonuses and/or advances must be paid upon the employees separation from the Company and by signing below the employee agrees that a deduction from final wages (including any earned and unpaid vacation pay) may be made. The employee is only entitled to the full draw if he/she works every scheduled workday; employees who do not work every scheduled workday may have their draw pro-rated. Draws are paid with the understanding that you will work the entire month and will be available to work during the entire month to justify your draw. If you are terminated, voluntarily or involuntarily, prior to month end, you are only entitled to be paid for the hours you actually worked pursuant to the federal and state minimum wage requirements, taking into account the actual commissions and bonuses you earned. A total monthly draw/advance against future commissions of \$1,500 will be on the 20th of each month (which shall be the equivalent of at least the legally-required minimum wages for each hour actually worked during the applicable pay period), less any spiff or other advance already paid during the pay period.

Factory and Vendor Incentive Programs

From time to time, you may be eligible to participate in factory-sponsored or vendor-sponsored sales incentive programs. Your eligibility to participate in these programs, or receive associated bonuses, pulls, spiffs, incentive trips, or other incentives, will be determined in accordance with the rules governing the program. Your participation in such programs is voluntary, and you are not required to accept the bonus, pull, spiff, incentive trip, or other incentives offered by such programs. However, if you participate and accept such bonuses, pulls, spiffs, incentive trips, or

other incentives, you are solely responsible for all taxes associated with same.

MINIMUM SALES VOLUME

You must maintain an average number of Closed Sales equally 7 full units per month on a rolling three-month average to remain eligible for full-time employment after their first 90 days of employment. The required minimum average will be communicated in writing to Sales Salespersons, from time to time if it changes. If Sales Salesperson does not maintain an acceptable rolling three-month average, Sales Salesperson will be subject to termination from employment. However, discipline up to and including discharge may still occur for poor performance without regard to the three-month rolling average, depending upon individual circumstances. Moreover, maintenance of a rolling three-month average in excess of the minimum noted herein does not affect the at-will status of the Sales Salespersons employment with the Dealership.

MINIMUM CSI LEVEL

The Sales Salesperson must maintain an acceptable CSI Level every month. The required minimum average will be communicated in writing to Sales Salespersons, from time to time. If Sales Salesperson does not maintain an acceptable rolling three-month average, Sales Salesperson will be subject to termination from employment. However, discipline up to and including discharge may still occur for poor performance without regard to the three-month rolling average, depending upon individual circumstances. Moreover, maintenance of a rolling three-month average in excess of the minimum noted herein does not affect the at-will status of the Sales Salespersons employment with the Dealership

Meal Breaks and Rest Periods

All employees who work five or more hours in a day are required to take a thirty-minute meal break. The Company may provide you a longer meal break, at its discretion, but all meal breaks will be at least 30 minutes, uninterrupted, during which you will be relieved of all duties and free from the control of the Company. You are not expected to respond to work-related telephone calls or other communications (email, text messages, etc.) during your meal breaks, and are not to perform work duties of any kind during a meal break. You are permitted to leave Company premises during meal breaks. A second thirty minute break is required for employees who work more than ten hours in a day. The first thirty minute meal break must be started no later than the end of the employees fifth hour of work, and the second thirty minute meal break (if applicable) must be started no later than the end of the employees 10th hour of work. Certain exceptions to these rules exist based on the number of hours worked and/or the nature of the employees duties, but application of these exceptions is uncommon, and you must have written authorization from the General Manager if you will be taking an on-the-job meal break or will not be taking a meal break. Employees taking their meal breaks must record their time on their timesheets when they begin and end their meal periods.

In addition, the Company also provides employees a rest period of ten (10) minutes

net rest time per four (4) hours worked, or major fraction thereof, and which insofar as practicable shall be in the middle of each work period. However, the Company generally will not authorize a rest period for employees whose total daily work time is less than three and one-half (3) hours. Thus, you will receive one 10 minute rest period for shifts from three and one-half (3) hours to six (6) hours in length, two 10 minute rest periods for shifts of more than six (6) hours up to ten (10) hours in length, and three 10 minute rest periods for shifts of more than ten (10) hours up to fourteen (14) hours. If you work a shift longer than fourteen (14) hours you will be provided additional rest periods in accordance with applicable law. In the context of an eight (8) hour shift, one rest break should fall on either side of the meal break. Rest periods are counted as hours worked, and thus, employees are not required to record their rest periods on their timesheets.

Employees should schedule and take their breaks within the parameters set forth in this Policy, but consistent with business needs. For example, smokers should use these breaks to smoke inasmuch as the company permits smoking off the premises or in designated areas. Salespersons and other employees who have inactive time between assisting customers or actively performing their work duties should take their breaks during such time. Similarly, employees who interrupt their work to handle personal activities such as making personal telephone calls, responding to personal emails and/or text messages, or having a snack should understand they are using their break time for these activities.

All missed meal or rest break periods are to be reported to your supervisor immediately. Employees understand that they are to do nothing to incentivize to forego, exert coercion against taking, impede, discourage, or dissuade any other employee from taking meal and rest periods that are required by law. If any other employee, including managers, attempts to incentivize you to forego, exerts coercion against your taking, or attempts to impede, discourage or dissuade you in any way from taking a meal or rest period as described herein or required by law, you are to immediately notify the General Manager and/or the Human Resources Department. Authorized meal and rest periods cannot be used to shorten your workday or be accumulated for any other purpose. Additionally, rest periods may not be combined with a meal period. Employees also may be required to sign a certification each pay period confirming that, among other things, they have taken all of their required meal and rest periods during the applicable pay period.

NOTICE:

This is the total pay package and no further payments are anticipated or expected. The Dealership reserves the right to amend or terminate this compensation plan and/or rate (with the exception of the arbitration agreement) at any time without notice at its sole discretion. This agreement supersedes any previous agreements with respect to your pay plan.

If it becomes necessary for the Dealership to amend this plan or if it is terminated, commissions will be paid at the next scheduled payroll disbursement based on Closed Sales as described above, at the date of the amendment or termination of this plan.

I understand that nothing in this pay plan creates or is intended to create a promise

or representation of continued employment and that my employment, position and compensation is for no definite period, regardless of payment of wages. I have the right to terminate my employment at any time, with or without cause or notice, and the Dealership has a similar right. I further understand that my status as an at-will employee may not be changed except in writing signed by the president of the Dealership.

Additionally, I and the Company understand and voluntarily agree that any disputes regarding the terms of this pay plan or my employment or termination from employment (including claims of discrimination and/or harassment) will be resolved exclusively in accordance with binding arbitration governed by the Federal Arbitration Act, and carried out in conformity with the procedures of the California Arbitration Act. Although I understand that signing this arbitration agreement is not required as a condition of my employment, I desire to take advantage of the benefits of arbitration and understand that I give up the right to a trial by jury and instead will have my claims resolved by a retired California Superior Judge.

By placing my Signature below, I voluntarily agree to be bound by all terms and conditions of this Compensation Plan and my Signature also acknowledges that I have received my own copy of this Pay Plan signed by the company representative and me.

Current Sales Bonuses

The Salesperson will receive a bonus as follows:

Level 5 = Total units sold 25 or greater

Minimum of 4.5 used cars*

\$4,000.00 MONTHLY BONUS**

Level 4 = Total units of 22 - 24.5

Minimum of 4 used cars*

\$3,000.00 MONTHLY BONUS**

Level 3 = Total units of 18 - 21.5

Minimum of 3.5 used cars*

\$1,750.00 MONTHLY BONUS**

Level 2 = Total units of 14 - 17.5

Minimum of 3 used cars*

\$1250.00 MONTHLY BONUS**

Level 1 = Total units of 10 - 13.5

Minimum of 2.5 used cars*

\$750.00 MONTHLY BONUS**

Level 0 = Total units of 0 - 9.5

TRAINING LEVEL

Must study Subaru and competitive products

NO MONTHLY BONUS ABAILABLE

Qualifiers:

***Used Car minimum must be achieved in order to receive monthly bonus**

****Must obtain minimum Subaru monthly SS OLP KSI minimum for Stellar Care Award (currently 910 for 2015).**

Other Bonus programs may also be used on a monthly basis.

My signature below confirms that I electronically signed the Pay Plan online and that I have read, understand and voluntarily agree to the terms and conditions set forth in the Pay Plan.

Employee Name (Please Print)

Employee Signature

Date

Approval Signature

Date